Approved For Release 2007/11/09 : CIA-RDP83B00140R000100080023-2

FAC 647-81

29 October 1981

MEMORANDUM FOR THE RECORD

SUBJECT: SIG Meeting 28 October on Yamal Gas Pipeline and Oil/Gas Controls

1. A meeting was held at State on 28 October from 1600 to 1700 on the above subjects. The meeting was chaired by Under Secretary of State for Economic Affairs Myer Rashish. Principals in attendance included Assistant Secretary of State Robert Hormats, Assistant Secretary of Commerce Larry Brady, Deputy Assistant Secretary of Defense Stephen Bryen, NSC member Norman Bailey, NIC Chairman Henry Rowen, and others from State, Treasury, Commerce, JCS, STR and OVP.

2. Rashish announced that the West Germans would be meeting with the Soviets on the 10th to settle on the price of gas to be piped through the Yamal line and ostensibly to sign a letter of intent on the Yamal project. Presumably that would lay the foundation for the signing of a formal agreement during Brezhev's visit to Bonn two weeks later. Rashish felt that it was imperative that the US give one more try to convince the West Europeans that the Siberian gas pipeline deal is not in their best interests. (A copy of a proposed memo to the President from the secretaries of State, Defense and Commerce is attached.) It was agreed that a team headed by Rashish and composed of members from Commerce, Defense and Energy is to visit Paris first to talk with the French who, it is believed, are the least committed to the Yamal project. The team would then travel to Bonn and return to Paris on 9 November to talk with other country representatives who will be gathered for the IEA meetings beginning on 10 November. In the meantime, a team is to go to Lagos, Nigeria to discuss the proposed Bonny LNG project with the idea of convincing the Nigerians to make it more palatable to the West Europeans and thus make it a possibly viable alternative to Yamal.

3. Rashish said that the Strategy Paper on Yamal Energy Alternatives would be postponed until after the teams finish their business, but that he would welcome any comments by other agencies on the Strategy Paper prior to that time. With respect to the options paper on oil and gas controls, Ferriter of State said that a second draft had been sent to members of the drafting group on the 27th. (CIA received its copy late on the 28th.) All contributions are to

CONFIDENTIAL
Approved For Release 2007/11/09 : CIA-RDP83B00140R000100080023-2

Approved For Release 2007/11/09 : CIA-RDP83B00140R000100080023-2

FAC

be in by the 30th. The paper presumably will be ready for the NSC which is to meet early next week. For the record, CIA has provided two papers to Alan Lenz of the NSC who is drafting a paper for the President explaining the options and Agency positions. One CIA paper, "The Impact of COCOM and US Embargoes of Petroleum Equipment Exports," was handed to Lenz at the SIG meeting. The other, "Possible Allied Responses to US Strategy on the Yamal Pipeline," was forwarded to him earlier.

4. Rashish said that he had heard that the Soviets would not be building a second parallel pipeline in the future. That is inconsistent with our information and with the design of the compressor stations. We are checking on it.

25X1

Defense Industries Branch, SOVA

ATTACHMENT:
As stated

Approved For Release 2007/11/09 : CIA-RDP83B00140R000100080023-2